

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Ogden Post Office
Ogden, Arkansas 71853

Docket No. A2012-31

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(December 19, 2011)

On October 24, 2011, the Postal Regulatory Commission (Commission) received an appeal postmarked October 12, 2011, from Sandra Furlow, Mayor of the City of Ogden, objecting to the discontinuance of the Post Office at Ogden. The Commission subsequently received four similar appeals signed by twenty-two customers of the Ogden Post Office. The mayor and customers will be collectively referred to as "Petitioners." On October 28, 2011, the Commission issued Order No. 936, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No. 936, the administrative record was filed with the Commission on November 8, 2011. Petitioners filed supplemental comments in support of the petition on November 23, 2011.

The appeal received by the Commission on October 24, 2011, and the supplemental comments filed on November 23, 2011, raise two main issues: (1) impact on effective and regular postal services to the community, and 2) economic savings. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal Service's statutory

obligations and Commission precedent,¹ the Postal Service gave consideration to a number of other issues, including the impact upon the community and upon postal employees. Accordingly, the determination to discontinue the Ogden Post Office should be affirmed.

Background

The Final Determination to Close the Ogden, Arkansas Post Office and Continue to Provide Service by Rural Route Service (FD), see Item 47², as well as the administrative record, indicate that the Ogden Post Office provides EAS-11 level service to 184 Post Office Box customers, and 72 delivery customers. Item 47, FD at 2, 5; Item 9, Workload Service Credit Worksheet; Item 13, OIC Response to Request for numbers; Item 18, Form 4920, Post Office Closing or Consolidation Proposal Fact Sheet (Fact Sheet) at box 11.c.; Item 42, Revised Fact Sheet at box 11.c. The postmaster of the Ogden Post Office retired on January 2, 2010. Item 47, FD at 2, 4-5; Item 18, Fact Sheet at box 11.a.; Item 42, Revised Fact Sheet at box 11.a. Since then, a non-career employee was installed as the temporary officer-in-charge (OIC). Item 47, FD at 2, 4-5; Item 18, Fact Sheet at box 11.b.; Item 42, Revised Fact Sheet at box 11.b. Upon implementation of the final determination, the noncareer employee serving as the OIC may be separated from the Postal Service, although attempts will be made to reassign the employee to a nearby postal facility. Item 47, FD at 4-5. The average number of daily retail window transactions at the Ogden Post Office is thirty-two, accounting for approximately thirty-seven minutes of work each day. Item 47, FD at 2, 5; Item 10, Window Transaction Survey; Item 13, OIC Response to Request for numbers; Item 18,

¹ See 39 U.S.C. 404(d)(2)(A).

² In these comments, specific items in the administrative record are referred to as "Item ____."

Fact Sheet at box 13.h.; Item 42, Revised Fact Sheet at box 13.h. Revenue has generally been low and declining: \$22,874.00 in FY 2008 (60 revenue units); \$17,668.00 in FY 2009 (46 revenue units); and \$17,032.00 in FY 2010 (44 revenue units). Item 47, FD at 2; Item 18, Fact Sheet; Item 42, Revised Fact Sheet. The Ogden Post Office has only one permit customer and no meter customers. Item 47, FD at 2; Item 15, Post Office Survey Sheet at No. 6; Item 18, Fact Sheet at boxes 14. f. and g.; Item 42, Revised Fact Sheet at boxes 14. f. and g. The projected annual household growth rate is -0.80%. Item 16, Community Survey Sheet. The Postal Service estimates annual savings through closure of the Ogden Post Office in the amount of \$52,319.00. Item 47, FD at 4; Item 33, Proposal at 5; Item 41, Revised Proposal at 5. This includes \$8,040.00 in savings that will be achieved when Lease for the premises expires, or is otherwise terminated. Item 47, FD at 4; Item 33, Proposal at 5; Item 41, Revised Proposal at 5. This estimated annual savings is also based on the assumption that the current Post Office box customers in Ogden will opt for Post Office box service in Ashdown. Item 17, Alternate service options/cost analysis at 3. Should all current Ogden Post Office box customers instead opt for rural service to a mail box near their home, the savings could decrease by up to \$7,803 based on the cost of the replacement service. Item 17, Alternate service options/cost analysis at 3. In addition, should the Postal Service opt to install cluster box units ("CBUs") in Ogden, the Postal Service will incur a one time cost of approximately \$11,704. Item 17, Alternate service options/cost analysis at 3-4.

Upon implementation of the final determination, delivery and retail services will be provided by rural route delivery administered by the Ashdown Post Office³, an EAS-18 level office located approximately eight miles away, which has two hundred seventy-one available Post Office Boxes. Item 47, FD at 2, 5; Item No. 18, Fact Sheet at box 19; Item 33, Proposal at 2, 5; Item 41, Revised Proposal at 2, 5; Item 42, Revised Fact Sheet at box 19. Customers will receive delivery to rural boxes or CBUs at their 911 assigned address. Item 47, FD at 2-3, 5; Item 33, Proposal at 2-5, 8; Item 41, Revised Proposal at 2-5. This service will begin upon implementation of the FD. Item 47, FD at 2, 5. In addition, customers can also opt to receive Post Office Box service at the Ashdown Post Office. Item 47, FD at 2, 5; Item 33, Proposal at 2; Item 41, Revised Proposal at 2. Retail service is also available at the Ashdown Post Office from 9 a.m. to 4:30 p.m., Monday through Friday, and from 9 a.m. to 11:30 a.m. on Saturday. Item 47, FD at 2; Item No. 18, Fact Sheet at box 20; Item 33, Proposal at 2; Item 41, Revised Proposal at 2; Item 42, Revised Fact Sheet at box 20. In addition, retail service is also available at the Post Office in Fulton, Arkansas, which is approximately 6 miles to the East of Ogden, and at the contract postal unit at College Hill Center in Texarkana, Arkansas, which is approximately 7 miles to the South of Ogden. Item 4, Highway map.

The Postal Service followed the proper procedures, which led to the posting of the FD.⁴ All issues raised by the customers of the Ogden Post Office were considered and properly addressed by the Postal Service. See Item 47, FD at 2-4. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and FD, customers received notice through other means. First, notice and

³ The Ashdown Post Office is not under consideration for discontinuance at this time.

⁴ The Ogden, Arkansas discontinuance action was processed under former Handbook PO-101.

questionnaires were distributed to delivery customers of the Ogden Post Office. Item 47, FD at 2; Item 20, Letter to OIC; Item 21, Letter and Questionnaire to Customer; Item No. 22, Returned Questionnaires. Questionnaires were also available over the counter for retail customers at the Ogden Post Office. Item 47, FD at 2; Item No. 20, Letter to OIC. In the letter from the postal study coordinator, which was mailed and made available to postal customers, customers were advised that the Postal Service was evaluating whether the continued operation of the Ogden Post Office was warranted, and that effective and regular service could be provided through rural route delivery administered by the Ashdown Post Office and retail services available at the Ashdown Post Office. Item 21, Letter. The letter invited customers to attend the community meeting and to complete and return a customer questionnaire and to express their opinions about the service that they were receiving and the effects of a possible change involving rural route delivery. Id. The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item 22.

In addition, representatives from the Postal Service were available at the Ogden Community Center for a community meeting on June 14, 2011, to answer questions and provide information to customers. Item 47, FD at 2; Item 21, Letter to Customers; Item 24, Community Meeting Roster; Item 25, Community Meeting Analysis; Item 26, Letter to Customer; Item 33, Proposal at 2; Item 41, Revised Proposal at 2. Customers received formal notice of the Proposal and FD through postings at nearby facilities. Item 31, Letter to OIC on posting Proposal; Item 36, Round-date stamped Proposals ; Item 48, Letter to OIC on posting FD; Item 49, Round-date stamped FDs. The Proposal was posted with an invitation for public comment at the Ogden Post Office and the

Ashdown Post Office from June 25, 2011 to August 26, 2011.⁵ Item 47, FD at 2; Item 36, Round-date stamped Proposals. The FD was posted at the same Post Offices from September 29, 2011 to October 31, 2011, as confirmed by the round-dated FD cover sheets that appear in the administrative record. Item 48, Letter to OIC on posting FD; Item 49, Round-date stamped FDs.

In light of the facts that were discovered during the investigation and which are cited above, including the postmaster vacancy, minimal workload, low office revenue, the variety of delivery and retail options (including the convenience of rural delivery and retail service), very little recent growth in the area, minimal impact upon the community, and the expected financial savings, the Postal Service issued the FD, concluding that the Ogden Post Office would be closed. See Item 47, FD. Regular and effective postal services will continue to be provided to the Ogden community in a cost-effective manner upon implementation of the final determination. Item 47, FD at 2, 5.

Each of the issues raised by the Petitioners is addressed in the paragraphs that follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Ogden Post Office on postal services provided to Ogden, Arkansas customers. The closing is premised upon providing regular and effective postal services to Ogden customers through alternate means.

⁵ The round-date stamped Proposal from Ashdown actually indicates that the Proposal was kept up from June 25, 2011 until November 2, 2011. See Item 36.

The Petitioners, in their letters of appeal, raise the issue of the effect on postal services of the Ogden Post Office's closing and request its retention. The Petitioners express particular concern about the sanctity of the mail, inconvenience in purchasing money orders and stamps, and sending and receiving accountable mail. The Petitioners, in their supplemental comments, also express service-related concerns about traveling to Ashdown on a daily basis to obtain postal services, the lack of high speed internet access in their community in order to access postal services on-line, the inconvenience of meeting the rural carrier, and the failure of the Postal Service to negotiate an alternative to closing with the community.

In the Proposal and FD, the Postal Service explained that with respect to delivery service, customers will still have the option of having Post Office Box service at the Ashdown Post Office, which has two hundred seventy one available Post Office Boxes and is eight miles away. Item 47, FD at 2-3; Item 33, Proposal at 2; Item 41, Revised Proposal at 2. In addition, the Postal Service explained that upon implementation of the final determination, it planned to provide delivery services by rural route delivery administered by the Ashdown Post Office. Item 47, FD at 2-3, 5; Item 33, Proposal at 2-3, 5; Item 41, Revised Proposal at 2-3, 5. The Postal Service explained that rural service to roadside mailboxes may be beneficial and convenient for senior citizens or other customers who face challenges picking up their mail. Item 47, FD at 2-3, 5; Item 33, Proposal at 2-5; Item 41, Revised Proposal at 2-5. Therefore, Ogden customers will have delivery options.

The Postal Service also considered and addressed concerns about the sanctity of the mail delivered by rural route. Item 47, FD at 2-3; Item 33, Proposal at 2, 4; Item

41, Revised Proposal at 2, 4.. The Postal Service explained that customers mail lock their rural mailbox and need not provide a key to the lock to the Postal Service. Item 47, FD at 3. Customers must ensure that their locked rural mailbox has a slot large enough to accommodate the customer's normal daily mail volume. Id. In addition, CBUs offer the security of individually locked mail compartments along with parcel lockers. Id. Moreover, while 72 customers already receive rural route service, the records of the Postal Inspection Service do not indicate any reports of mail theft or vandalism in the area. Item 14, Response to Request for reports of mail theft or vandalism. As such, there appears to be minimal risk that the sanctity or security of the customers' mail will be impacted by the closing of the Ogden Post Office.

The Postal Service considered and addressed the alternatives for purchasing money orders and stamps. Item 47, FD at 2-3, 5; Item 33, Proposal at 2-5; Item 41, Revised Proposal at 2-5. Petitioners indicate that they do not have high-speed internet access in Ogden and that some residents do not have personal computers or a reliable way to obtain postal services online. These customers will still have several options for obtaining postal services. In the Letter to Customers that accompanied the initial investigation questionnaires, as well as in the Proposal and FD, the Postal Service explained that with respect to retail services currently provided at the Ogden Post Office, such services will be available from the carrier, so that customers will not have to travel to another post office for service. Item 21 at 2; Item 47, FD at 2, 4-6, 8; Item 33, Proposal at 2-5; Item 41, Revised Proposal at 2-5. Most transactions do not require meeting the carrier at the mailbox. Id. For example, special services such as certified, registered, Express Mail, delivery confirmation, signature confirmation, and COD may

be handled by the carrier by leaving a note in the mailbox, along with the appropriate payment. Id. The carrier will provide the services that day and leave a customer receipt in the mailbox on the next delivery day. Id. In addition, Stamps by Mail and Money Order Application forms are available for customer convenience. Id. Through the Stamps by Mail program, customers have the ability to purchase stamps (including commemorative and collectibles), envelopes and postal cards by addressing the postage paid order form, enclosing payment by personal check or money order, and mailing it or leaving it in their mailbox for carrier pick up. Id. Most Stamp by Mail orders are processed overnight, and some are processed immediately. Id. The Postal Service further explained that stamps are available at many stores and gas stations where customers may already shop, and by calling 1-800-STAMP-24. Id. Finally, the customers of Ogden will have access to the Ashdown Post Office, which is located approximately eight miles away, the Fulton Post Office, which is approximately six miles away, or the Texarkana contract postal unit, which is approximately 7 miles away, if they prefer to conduct their postal business in person at a Post Office. Item 4, Highway map; Item 47, FD at 2, 5; Item 33, Proposal at 2, 5; Item 41, Revised Proposal at 2, 5.

While specific concerns about accountable mail were not raised in response to the Proposal, the Postal Service generally considered how accountable mail will be handled. Item 47, FD at 2-5. With respect to the delivery of accountable items or large parcels, if customers choose rural delivery service, if the customer lives less than one-half mile from the line of travel, the carrier will attempt delivery of accountable items and large parcels to the customer's residence. Id. If the customer lives over one-half mile away or is not home when delivery is attempted, a notice will be left in the mailbox. Id.

Large parcels will be left outside the mailbox or at a location designated by the customer (if authorized by the customer), or a notice will be left in the mailbox. Id. Attempted delivery items will be taken back to the Post Office. Id. Customers may pick up the item at the Post Office or request redelivery online at usps.com or by calling 1-800-ASK-USPS. Id.

Petitioners, in their supplemental comments, suggest that the Postal Service failed to consider options such as reducing the hours of operation at the Ogden Post Office or asking the Town to help with the financial costs associated with leasing and maintaining the current Post Office location.

While Petitioners' suggestions are appreciated, the Postal Service has broad experience with respect to the provision of regular and effective service, as well as in-depth knowledge of the rules and regulations within which it must operate. The Postal Service gave thoughtful consideration in making its decision to discontinue the Ogden Post Office, as evidence in the Administrative Record. Such consideration is entitled to deference unless it is shown to be arbitrary, capricious, an abuse of discretion, not in accordance with the law, not in accordance with procedure, or unsupported by substantial evidence. No such showing can be made here.

Specifically, the Postal Service investigated the workload at the Ogden Post Office and learned that this office averages only thirty-two retail customer transactions per day, amounting to approximately thirty-seven minutes of work. Item 47, FD at 2; Item 10, Window Transaction Survey. The Postal Service considered the availability of convenient retail services and delivery options to customers of Ogden and concluded that between the services that can be offered by the rural carrier, the services that can

be obtained by mail and phone, and the services that will be available at the neighboring Post Offices, the customers of Ogden will have various convenient service options available. The Postal Service has accordingly determined that rural route service is the most reliable and cost-effective solution for providing regular and effective service to the Ogden community.

To summarize, the Postal Service has considered the impact of closing the Ogden Post Office upon the provision of postal services, including the delivery and security of incoming mail and the access to services, on Ogden customers. Customers will receive incoming mail at a rural mailbox or CBUs, both of which provide a secure receptacle for mail delivery. Customers will have a variety of retail options for outgoing mail through the rural carrier, by phone, on-line, and at nearby Post Offices. As a result, the Postal Service has properly concluded that the Ogden customers will continue to receive regular and effective service, including for outgoing packages and incoming mail, via rural route delivery and nearby Post Office locations upon the closure of the Ogden Post Office.

Effect upon the Ogden Community

The Postal Service is obligated to consider the effect of its decision to close the Ogden Post Office upon the Ogden community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Ogden is an incorporated community located in Little River County, Arkansas. Item 47, FD at 3. The community is administered politically by the City of Ogden. Id. Police protection is provided by the Little River County Sheriff. Id. Fire protection is provided by the Ogden Volunteer Fire Department. Id. The community is comprised of farmers, retirees, the self-employed, and those who commute to work at nearby communities and may work in local businesses. Id. The questionnaires completed by Ogden Post Office customers indicate that, in general, those who reside in Ogden must travel elsewhere for other supplies and services. See generally Item 22, Returned customer questionnaires.

While the decision to close the Ogden Post Office was under consideration, customers raised the issue of the effect of the closing upon their community identity and local businesses. The effect on the community generally was considered by the Postal Service, as reflected in the administrative record. Item 47, FD, at 3-4. The Postal Service acknowledged that while customers require regular and effective postal services, such services will always be provided to the community, whether through the rural carrier or the neighboring Post Office. Id. The Postal Service further explained that a community's identity derives from the interest and vitality of its residents and their use of its name. Id. The Postal Service is helping to preserve this community's identity by continuing to use the community name and ZIP Code in addresses. Id. In addition, the Postal Service has concluded that nonpostal services provided by the Ogden Post Office can be provided at another location in town or in nearby Ashdown. Id.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Ogden Post Office on the community currently served by the Ogden Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route carrier service would cost the Postal Service substantially less than maintaining the Ogden Post Office and would still provide regular and effective service. Item 47, FD at 4-5. The estimated annual savings associated with discontinuing the Ogden Post Office are \$52,319. Item 47, FD at 4.

The Petitioners, in their supplemental comments, express concern about the financial impact of purchasing a rural mailbox with a lock or driving to Ashdown on a daily basis, and question the savings to the Postal Service from closing the Ogden Post Office. The Postal Service considered these concerns. The Postal Service explained that Ogden customers will have both retail and delivery options that will not require them to travel to Ashdown for most transactions, as explained in more detail above. Item 47, FD at 2-3, 5; Item 33, Proposal at 205; Item 41, Revised Proposal at 2-5. The Postal Service also explained that rural delivery could be made to CBUs and the Postal Service would bear the cost of installing and maintaining the CBUs. Item 47, FD at 3; Item 17, Alternate service options/cost analysis at 3-4. Moreover, costs borne by customers are not, required to be included in the economic savings calculation. In this case, the Postal Service appropriately applied its financial analysis to calculate the economic savings, as the pertinent statute requires that the "economic savings to the

Postal Service" be factored in the savings calculation. See 39 USC 404(d)(2)(A)(iv) (emphasis supplied).

The economic savings have been calculated as required for discontinuance studies consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). Item 47, FD at 4. While Petitioners note that the Postal Service does not have a termination right in its Lease for the Ogden Post Office, the Postal Service acknowledged this fact during its decision-making process. See Item 18, Fact Sheet at boxes 16a. and 16.b; Item 42, Revised Fact Sheet at boxes 16.a. and 16.b. Even if the Postal Service cannot immediately realize the \$8,040.00 Lease cost savings, the Postal Service would still have short-term estimated savings of \$44,279, and would achieve the long-term benefit once the Lease expires on December 31, 2015, or is otherwise terminated.

The Postal Service also acknowledges that there will be a cost if all or a significant number of current Ogden Post Office box customers opt to have rural delivery service instead of Post Office box service in Ashdown. Item 17, Alternate service options/cost analysis at 3-4. Such cost, however, is estimated at \$7,803.00 per year for rural delivery to individual mailboxes, plus a one time cost estimated at \$11,704 if the Postal Service installs CBUs. Id. The Postal Service would still achieve worthwhile economic savings.

Petitioners also question the consistency of this discontinuance action with provisions in Title 39 of the U.S. Code. Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service in determining whether to close a Post Office must consider whether such closing is consistent with the policy that the Postal Service provide "a maximum degree of effective and regular postal services to rural areas, communities, and small

towns where post offices are not self-sustaining." The Postal Service's view is that the "maximum degree" obligation in section 101(b) must be read in the context of related statutory provisions. It is a directive to recognize that special consideration must be given to the greater likelihood of dependence on postal retail facilities for access to postal products and services in rural communities and small towns; however, this concern must be balanced with Congressional mandates that the Postal Service execute its mission efficiently and economically. See sections 101(a); 403(a), (b)(1) and (b)(3); 404(d)(2) and 3661(a). Here, the Postal Service then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with rural delivery service in the absence of the Post Office, and the answer was affirmative.

In the end, the Postal Service determined that rural carrier service is more effective than maintaining the Ogden postal facility and postmaster position. Item 47, FD at 4-5. The Postal Service's estimates are supported by record evidence, and are in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster retired on January 2, 2010. Item 47, FD at 2, 4-5; Item 33, Proposal at 2, 5; Item 41, Revised Proposal at 2, 5. A non-career employee was installed as the temporary officer-in-charge (OIC). Id. Upon implementation of the final determination,

the non-career employee serving as the OIC may be separated from the Postal Service, although attempts will be made to reassign the employee to a nearby postal facility. Item 47, FD at 4-5. However, no other Postal Service employees will be adversely affected. Id. Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Ogden Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Ogden Post Office on the provision of postal services and on the Ogden community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Ogden customers. Item 47, FD at 5. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Ogden Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Ogden Post Office be affirmed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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